

Projection Model 1

Division of Healthcare Finance

Projected Reserve Calculation- -2% in 2014 with 8.9% in the out years with a coins increase in Plans A & B (\$1,700/\$3,400 & \$3,500/\$7,000)

Medical, Pharmacy, Dental and Vision

Date of Projection: 5/29/2013

Plan Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Actual Factors and Assumptions in PY2012	Projected Factors and Assumptions.....										
Factors and Assumptions												
Interest Rate on Reserves	0.1%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Admin/Contract Fee Trend	1.8%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Kansas Healthcare cost trend rate	5.0%	6.0%	6.5%	6.5%	7.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
	HCC Policy Choices in June 2011	HCC Policy Choices by June 2012	HCC Policy Choices by June 2013	Future Policy Choices.....								
Policy Choices												
Employer Contr. % incr. (eff. July 1)	7.5%	0.0%	-2.0%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
Employee Contr. % incr. (eff. Jan 1)	44.0%	0.0%	-2.0%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
Dependent Contr. % incr. (eff. Jan 1)	-7.4%	0.0%	-2.0%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
Direct Bill Contr. % incr. (eff Jan 1)	14.7%	0.0%	-2.0%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
Plan design changes % impact on expenses		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves												
Beginning reserve earning interest	12,017,362	12,030,660	12,181,043	12,333,306	152,454,582	126,509,903	105,944,764	89,628,587	78,472,566	73,498,073	75,848,442	86,801,932
Beginning reserve not earning interest	102,929,048	158,309,374	196,487,759	177,473,644	0	0	0	0	0	0	0	0
Beginning Total Reserve Balance	114,946,410	170,340,034	208,668,802	189,806,950	152,454,582	126,509,903	105,944,764	89,628,587	78,472,566	73,498,073	75,848,442	86,801,932
Projected Cash Flow												
Total Employer Contributions	359,671,841	374,645,719	372,730,467	388,348,319	423,978,067	461,774,431	502,940,228	547,775,830	596,608,392	649,794,229	707,721,422	770,812,650
Total Participant Contributions	130,142,982	124,447,306	116,631,185	120,064,244	128,763,247	138,229,046	148,384,657	159,278,641	170,962,765	183,492,193	196,925,675	211,325,757
Total Contributions	489,814,823	499,093,025	489,361,652	508,412,563	552,741,314	600,003,477	651,324,885	707,054,471	767,571,157	833,286,422	904,647,097	982,138,407
Total Plan Expenses (Claims, ASO fees & contracted expenses)	434,434,498	462,062,139	508,375,768	545,919,097	580,591,674	622,149,991	668,965,371	719,330,850	773,526,557	831,854,778	894,641,713	962,239,363
Interest on Reserves	13,298	150,383	152,263	154,166	1,905,682	1,581,374	1,324,310	1,120,357	980,907	918,726	948,106	1,085,024
Net Cash flow	55,393,623	38,328,768	(18,861,853)	(37,352,368)	(25,944,678)	(20,565,140)	(16,316,176)	(11,156,022)	(4,974,493)	2,350,370	10,953,490	20,984,068
Projected Reserve Balance												
Reserve Ending Balance	170,340,033	208,668,802	189,806,949	152,454,582	126,509,904	105,944,763	89,628,588	78,472,565	73,498,073	75,848,443	86,801,932	107,786,000
Target Reserve	50,274,000	52,591,000	56,357,000	59,996,000	64,036,000	68,962,000	74,275,000	80,004,000	86,183,000	92,846,000	100,034,000	107,786,000
IBNR Claim Reserve	29,022,000	30,341,000	32,514,000	34,613,000	36,944,000	39,786,000	42,851,000	46,156,000	49,721,000	53,565,000	57,712,000	62,184,000
Claim Fluctuation Reserve	21,252,000	22,250,000	23,843,000	25,383,000	27,092,000	29,176,000	31,424,000	33,848,000	36,462,000	39,281,000	42,322,000	45,602,000
Difference between the Reserve Ending Balance and Target Reserve	120,066,034	156,077,802	133,449,950	92,458,582	62,473,903	36,982,764	15,353,587	(1,531,434)	(12,684,927)	(16,997,558)	(13,232,068)	0

Beginning in 2014, the model includes the projected cost of health care reform impacts.

Does not include estimated PCORI fees which cannot be paid by plan assets.